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FM AMEMBASSY JAKARTA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5202  
INFO RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RUEHRC/USDA FAS WASHDC  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEHJS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS  
RUEHKO/AMEMBASSY TOKYO 0557  
RUEHHE/AMEMBASSY HELSINKI 0895  
RUEHBY/AMEMBASSY CANBERRA 0846  
RUEHTC/AMEMBASSY THE HAGUE 3327  
RUEHSM/AMEMBASSY STOCKHOLM 2059  
RUEHBS/USEU BRUSSELS  
RHHMUNA/USCINCPAC HONOLULU HI  
RUEAIIA/CIA WASHDC  
RHHJJAA/JICPAC HONOLULU HI  
RUEKJCS/JOINT STAFF WASHDC  
RHEFDIA/DIA WASHDC

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SENSITIVE  
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AIDAC

DEPT FOR EAP/MTS AND EB/IFD/ODF  
TREASURY FOR IA Q BAUKOL  
USDA FOR FAS/EC/MCHAMBLISS  
NSC FOR MORROW AND MELINE  
USAID FOR ANE/EAA, WARD, CHILES AND ROSEN

E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [PGOV](#) [PREL](#) [SENV](#) [KCOR](#) [ID](#)

SUBJECT: THE AWARD OF THE PRIME CONTRACT FOR THE USG  
QSIGNATUREQ HIGHWAY PROJECT IN ACEH

#### Summary

On June 21 the United States Agency for International Development (USAID) announced the award of the Aceh Road Reconstruction prime contract for its West Coast Highway to a partnership of Ssangyong Engineering and Construction Company, Ltd. of South Korea and PT. Hutama Karya of Indonesia. The announcement occurred at the site of existing construction near Banda Aceh, and was presided over by USAID Mission Director William M. Frej in the presence of newly-elected Aceh governor, Irwandi Yusuf. In his remarks, Governor Irwandi was generous in his praise of this Qsignature projectQ, the longest component of the USGQs tsunami reconstruction program. In particular, Governor

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Irwandi stated his gratitude Qfor USAIDQs continued commitment to remain our strategic partnerQ as the people of Aceh rebuild. Moreover, the governor pledged to sustain Qa solid working relationship with USAID and to provide whatever support is necessary to achieve a quality final product.Q The same level of gratitude was expressed by Kuntoro Mangkusubroto, the Director of the Aceh Reconstruction Agency (BRR), which is USAIDQs primary counterpart in the reconstruction of Aceh. At a USAID dinner on June 20, Director Kuntoro expressed his continuing gratitude for USAIDQs unwavering commitment to Aceh in general and the road project in particular. As a result of the strong collaborative relationship between the USG and these Aceh government entities, difficult land acquisition issues have been resolved in record time, thereby enabling USAID to commence with much needed reconstruction. END

## SUMMARY.

### ACEH RECONSTRUCTION AGENCY (BRR) EXPRESSES GRATITUDE FOR USG SUPPORT AND HOPES FOR FUTURE

In the dinner on June 20, BRR Director Kuntoro expressed his strong support and gratitude for all of the sustained support from the USG. In particular, he thanked USAID for its timely support at the creation of BRR over two years ago, when USAID supplied critical expatriate advisors. Second, he was thankful for the USG role in supporting BRRQs agenda over the past two years, thereby ensuring the completion of BRRQs mandate by April 2009. Third, he was grateful for USAIDQs role in assisting BRR in the transition of its assistance to the provincial government. Fourth, Director Kuntoro was supportive of further USAID assistance, as the priorities of the province move from reconstruction to post-conflict social and economic reintegration. Fifth, he expressed hope that other donors will meet the need of secondary roads that support the USAID road, as this will enhance prospects for sustained economic growth. Finally, he mentioned the importance of maintenance to ensure the sustained functioning of economic infrastructure. While the USAID road is an example, so are the other roads, ports and markets that are being built throughout Aceh.

### NEW CONTRACT WILL ENSURE ROADQs TIMELY COMPLETION

The USAID supported Banda Aceh Q Calang road project is the largest single project in Aceh and will help improve communication along the west coast of Aceh Province. A contract was signed for an amount of \$108 million on June 19, 2007. This is the final contract for the completion of all road construction. The scope of this project is approximately 155 kilometers (approximately 96 miles) and

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extends from Banda Aceh to the west coast city of Calang. This construction project will take approximately 33 months to complete, with estimated completion in early 2010. Ssangyong is expecting to complete its mobilization and begin construction within three months. Immediately after the announcement of the award on June 21, 2007 by USAID Mission Director William M. Frej, a follow up press conference was held. There was great interest in the new contract and significant and favorable press coverage.

The significance of this road cannot be underestimated. As Mission Director Frej pointed out, for the people of Aceh, this road will promote the kind of economic development that will be key to sustaining a peaceful Aceh. As construction expands along the route, employment opportunities will increase for local villagers. Meanwhile, USAID contractors are building local capacity through training in construction and project management.

### Conclusion

Governor Irwandi summarized the significance of the road best when he concluded, Qthe West Coast Highway will stand as a living symbol of the generous support from the American people channeled through our friends, colleagues and neighbors at USAID.Q The USG was one of the first countries to respond to the immediate needs stemming from the horrific tsunami of December 26, 2004. USAID continues to respond to

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the long-term development needs of this promising province at the western end of the Indonesian archipelago.

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